

**FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP PLC**

ATTORNEYS AT LAW

MEMPHIS DOWNTOWN
One Commerce Square, Suite 2000
Memphis, Tennessee 38103
Telephone 901-259-7100
Facsimile 901-259-7150

HISTORIC CASTNER-KNOTT BUILDING
618 CHURCH STREET, SUITE 300
NASHVILLE, TN 37219

(615) 726-1200 telephone
(615) 726-1776 facsimile

Charles B. Welch, Jr
cwelch@farrismathews.com

RECEIVED

2005 AUG 10 PM 12:52
MEMPHIS EAST
1100 Ridgeway Loop Road, Suite 400
Memphis, Tennessee 38120
Telephone 901-259-7170
Facsimile 901-259-7180
TRAINING ROOM

Reply to
Nashville Office

August 10, 2005

Chairman Ron Jones
Attn: Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA HAND DELIVERY

RE: Responses to Data Requests (IRM Utility, Inc. Petition to amend Certificate of Convenience and Necessity, Sterling Springs Docket No. 05-00055)


Dear Chairman Miller:

Please find enclosed an original and 13 copies of the above referenced responses. Please date and stamp a copy for our records.

Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC


Kristi Stout

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
PETITION OF IRM UTILITY, INC. TO AMEND)	
CERTIFICATE OF CONVENIENCE AND)	DOCKET NO. 05-00055
NECESSITY TO SERVE AN AREA IN SEVIER)	
COUNTY, TENNESSEE KNOWN AS)	
STERLING SPRINGS SUBDIVISION)	

**RESPONSES TO TENNESSEE REGULATORY AUTHORITY'S
THIRD SET OF DATA REQUESTS**

IRM Utility, Inc., ("IRM"), by and through undersigned counsel of record, hereby provides the following responses to the Tennessee Regulatory Authority's Third Set of Data Requests:

- 1. Please clarify the estimated amount of contributed capital to IRM once the system is transferred to IRM. The most recent Data Response, dated 7/22/2005 states that it will be Two Hundred Twenty Five Thousand Dollars (\$300,000). Will it be \$225,000 or \$300,000?**

ANSWER: Two Hundred Twenty Five Thousand Dollars (\$225,000).

- 2. Please provide an update as to the status of the TDEC.**

ANSWER: The engineering and construction plans have not yet been submitted to TDEC but should be submitted by August 16, 2005, at which time these requests will be supplemented.

- 3. The Data Response filed June 30, 2005 indicated that supplemental information would be filed at a later date for questions 2 and 11. Please provide the supplemental information or the date you expect to file it.**

ANSWER: As explained in Data Request #2 above, the supplemental information is not yet available but should be filed with TDEC by Aug. 16, 2005. After this date, IRM Utility will supplement these Data Requests with the requested information.

4. Please provide supplemental information to the pre-filed testimony stating the public need and that no other wastewater system is available at Sterling Springs Subdivision.

ANSWER: In the petition, a letter was provided by the Sevier County Mayor's office indicating that there was no service available to this area and that Sevier County did not intend to provide service to the area. Additionally, this area is not in the planned growth or urban boundary areas of any municipality providing sewer services. Since there is no current available or willing provider, a public need for a wastewater system in the Sterling Springs Subdivision exists.

5. The Data Response filed on June 30, 2005 states that there will be eight (8) full time residences, eight (8) vacation type residences and twenty four (24) on local rental programs. Please state which tariff rate schedule will apply to each of these three (3) types of dwellings. If any of these dwellings fall under a commercial tariff, explain why.

ANSWER: It is estimated at final build-out will actually be nine (9) or twenty percent (20%) will be full time residences, nine (9) or twenty percent (20%) will be only occupied a part or the year as a vacation home, and twenty-seven (27) or sixty percent (60%) will be on local rental programs. The projections of the number of each type of the uses (full time residences, vacation type residences, and local rental programs) will may be slightly different by completion of the subdivision.

Below is the breakdown of the tariff rate schedule for each type of dwelling:

- Full Time Residences with three or less bedrooms; To be billed on the residential tariff rate.
- Vacation Type Residences; To be billed on the residential tariff rate.
- Cabins on Local Rental Programs; To be billed on the commercial tariff rate.

Only the cabins on the local rental programs will be billed on the commercial tariff. Due to the high usage during rental periods, a commercial tariff is used to bill on a per gallon per bedroom basis. These types of dwellings typically have more temporary occupants in fewer bedrooms than is typical with permanent occupants. For example, when ten (10) people are using a three (3) bedroom unit, the water and sewer uses are much greater than with a three bedroom (3) residential use dwelling. Additionally, the habits of individuals that are used to sanitary sewer services can be different from individuals who have home wastewater systems. They may flush inappropriate materials down the toilets or pour inappropriate items down the sink due to carelessness or lack of knowledge of a biological system. Precautions will be made to prevent the additional solids from getting to the treatment system, but additional pumping of the tanks and maintenance of filters will be required.

6. Please provide the commercial tariff that is referred to in the footnote of Exhibit 1 to the Data Response dated July 22, 2005.

ANSWER: See Exhibit A.

7. Please define "high capacity bedrooms." Explain why a commercial rate would be applicable. Refer to Exhibit 1 in IRM's Data Response dated July 22, 2005.

ANSWER: High Capacity Bedrooms applies to a dwelling that has more than three bedrooms. It is well recognized in the industry that water use is more linearly related to the amount of bedrooms versus bathrooms. Because of the additional wastewater that is typically associated with additional bedrooms, a commercial rate is applicable. Instead of spreading the cost amongst all consumers in the subdivision irrespective of water usage, it is fairer for a consumer with a larger home to pay a larger amount for the upkeep of the wastewater system. Due to the additional water


use per home and fixed capacity of the wastewater treatment plant, the commercial rate is applicable.

8. Please list all qualifications a residential customer has to meet in order to get resident service.

ANSWER: The applicant must have three or less bedrooms in the home, and the home shall not be put in the rental program.

Respectfully submitted,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

A handwritten signature in black ink, appearing to read "Kristi Stout", is written over a horizontal line.

Charles B. Welch, Jr.

Kristi Stout

618 Church Street, Suite 300

Nashville, TN 37219

Tel: (615) 726-1200

Fax: (615) 726-1776

Attorneys for Petitioners

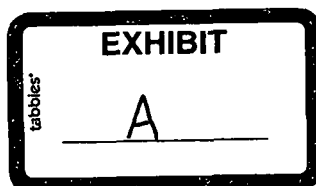
IRM Utility, Inc.

Sewer Systems with Commercial Customers or Special Contracts

System	County
Cove Mountain Realty – 03-00467 – Special Contract	Sevier
Valley Mart Exxon – 03-00467– Special Contract	Sevier
Lot 23-The River Club - 04-00152– Special Contract	Knox
Wild Briar Ridge – 05-00056 (Pending) – Special Contract** 40 Lots Total: 24 Commercial/16 Residential	Sevier
Sterling Springs – 05-00055 (Pending) – Special Contract** 45 Lots Total: 27 Commercial/18 Residential	Sevier

** Residential rate of \$35.11/month will apply unless units are on rental programs or have high bedroom capacities requiring a commercial rate (See commercial tariff sheet).

July 28, 2005



Tariff Rate Sheet

Commercial Sewer Rates – Without Food Service

The sewer bill will be charged on a monthly basis. The customer will provide a system that has an expected design flow and quality characteristics. Special conditions such as high treatment requirement or high flows may make other systems than addressed in this initial petition necessary. IRM Utility, Inc. will need to petition for rates on a case by case basis for such systems.

A minimum service charge will be \$75.00 per month for the first 300 gallons per day of design flow expected. For each additional 1000 gallons per day an additional charge of \$15.00 per month per 100 gallons will be charged. For design flows expected over 1,000 gallons per day, up to 3000 gallons per day, the following additional monthly charges per 1,000 gallons of daily flow will apply:

Treatment	Disposal		
	Sub-surface Drip Irrigation	Point Discharge	Off-Site
Sand, Gravel, Media Filters	\$140.00	\$165 00	-
Lagoon	\$116 00	\$140 00	-
Off-site	-	-	Pass Through & \$73 00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$116.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess Water Usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$175 00
1,001 gallons to 2,000 gallons above expected design flow	\$200 00
Over 2,000 gallons above expected design flow	\$200.00/1000 gals

If the water meter readings exceed the design flow or analysis indicates that effluent characteristics are not as indicated by the customer's design engineer, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system or upgrading the treatment for the greater loading will be paid by the customer.

Fees: Nonpayment – 5%
Disconnection - \$10.00
Reconnection - \$15.00
Returned Check - \$20.00

Tariff Rate Sheet

Commercial Sewer Rates – With Food Service

The sewer bill will be charged on a monthly basis. The customer will provide a system that has an expected design flow and quality characteristics. Special conditions such as high treatment requirement or high flows may make other systems than addressed in this initial petition necessary. IRM Utility, Inc. will need to petition for rates on a case by case basis for such systems.

A minimum service charge will be \$100.00 per month for the first 300 gallons per day of design flow expected. For each additional 1000 gallons per day an additional charge of \$18.00 per month per 100 gallons will be charged. For design flows expected over 1,000 gallons per day, up to 3000 gallons per day, the following additional monthly charges per 1,000 gallons of daily flow will apply:

Treatment	Disposal		
	Sub-surface Drip Irrigation	Point Discharge	Off-Site
Sand, Gravel, Media Filters	\$170 00	\$192 00	-
Lagoon	\$142 00	\$163.00	-
Off-site	-	-	Pass Through & \$94.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be \$142.00 per 1000 gallons of daily flow.

Additional surcharges will apply when customers exceed their expected design flows. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess Water Usage	Surcharge
1 gallon to 1,000 gallons above expected design flow	\$210.00
1,001 gallons to 2,000 gallons above expected design flow	\$220 00
Over 2,000 gallons above expected design flow	\$220.00/1000 gals

If the water meter readings exceed the design flow or analysis indicates that effluent characteristics are not as indicated by the customer's design engineer, the monthly charge will be revised to reflect the increased usage and any capital costs associated with increasing the capacity of the system or upgrading the treatment for the greater loading will be paid by the customer.

Fees: Nonpayment – 5%
Disconnection - \$10.00
Reconnection - \$15.00
Returned Check - \$20.00